



Hector De La Torre

Assembly Member 50th District

News Release

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De La Torre Legislation Limiting Health Insurance Cancellations Moves through Senate

SACRAMENTO, Calif. – The Senate Judiciary Committee passed Assembly Bill 1945 authored by Assemblymember Hector De La Torre (D-South Gate) by a vote of 3-2. The bill prevents the insurance industry from unfairly rescinding patients' healthcare policies without oversight from a state regulator.

"The insurance industry has made billions by unfairly canceling health policies, with little to no oversight prior to canceling the policies," said De La Torre. "Our current system is flawed. People who get sick deserve to get coverage for services that they paid for and anything less is unacceptable."

De La Torre has played a lead role in the Capitol in preventing wrongful rescissions from insurance companies and protecting consumers from being stranded by their healthcare provider when they need coverage the most.

Assembly Bill 1945 will require insurers to get approval from the Department of Managed Health Care (DMHC) or the California Department of Insurance (CDI) prior to rescinding a policy. The bill also requires both agencies to impose fines on health plans that send rescinded policies that are blatantly valid to the regulator in order to discourage insurers from dumping valid policies into the review process, and allows the regulators to suspend or revoke the license of a plan or insurer in violation of this prohibition.

"The bill protects consumers by requiring that they continue to receive care while their rescission is reviewed," said De La Torre. "When illness occurs, patients should be concerned with getting well, not with protecting their coverage. AB 1945 shifts the burden from the patient to the insurer."

Assemblymember De La Torre introduced AB 1945 to address growing criticism of insurers by physicians, patients and healthcare advocates. This bill will create protections for policyholders since it requires the approval of state regulators before carriers can drop policyholders for any reason other than nonpayment of premium.

Early this year, several major California health insurance companies announced their support for external review of their decisions to rescind or cancel policies. Since then, the DMHC restored coverage for 1,092 Kaiser Permanente consumers and 85 Health Net consumers due to unfair rescissions.

Assembly Bill 1945 now moves to the Senate Appropriations Committee for its fiscal hearing.

Background:

Last year, De La Torre successfully authored Assembly Bill 1324 which prohibits health insurers from denying payment for treatment they had already approved before rescinding their consumer's policy. Governor Schwarzenegger signed Assembly Bill 1324.

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